



Legal Sector Special: March 2010

The vast majority of law firms have a resource at their fingertips which has the potential to transform their business and help provide sustainable long-term profitability, growth, dynamism and competitive edge. This resource is the Marketing/Business Development function. But the legal sector is singularly guilty of choosing not to use it properly. As a result, law firms suffer from a lack of drive, commercial principles, long-term goals - and most importantly - the brightest and best business people, because these individuals see a better future in more attractive sectors.

Treating marketing as a "back office" operation leads to exactly that - a glorified events and brochure operation staffed by people who carry out the partners' bidding. The whole thing might as well be outsourced to a local printing and design company for all the value it adds. So, we might have reasonably expected the legal tectonic plates to shift when the recession shook - with tumbling profits acting as a catalyst for change, "necessity being a mother of invention" and all that. However, instead of finally taking marketing seriously to combat the downturn, the painful reality is that Boards have put it, rather than dead-wood partners, first in the line of cost-cutting fire, and adopted an air of resignation to the economic slump, believing they are helpless. What a missed opportunity. Several firms went to the brink and many suffered deeply - but few, if any, saw the meltdown as a sign to fundamentally change the way they market themselves. The prospect of firms having private/commercial owners in the wake of the Legal Services Act has, so far, similarly failed to overcome the inertia. Stagnation lies in wait.

Surprisingly, there are ways to turn the marketing function into the central driver of a legal business - and we're not talking about extra expense. Rather, root-and-branch changes in thinking and structure are the starting points. Firstly, marketing should not be regarded as a 'support' department, but incorporated into the hub of the business to advise on the overall strategy downwards. So put your marketing director on the Board, not just the Management/Executive Committee. The following articles analyse the remaining steps.

Strategy: define what kind of business you want

A strategy can quickly become a tragedy unless it contains the right elements. In our experience, many law firms' strategies appear to deal in nebulous terms with two main ideas: 'increasing profitability' and 'growth' without really explaining how they will achieve these goals. Strategies need to look beyond these rather hazy objectives and tackle head-on the type of business that is desired.

A partner at one international firm reminds us that: "Marketing was introduced into law firms because of the increased competition between firms, not because there has been less demand for legal services." The function's role has been viewed as raising profile and making firms look better than their rivals. The challenge is to take it to the next stage and use

potential new ones. Also, which sector groups within the firm should receive more investment because their markets have a more promising

marketing to transform a firm into a better business.

Without a meaningful strategy, a firm lacks direction which leaves both partners and marketing floundering in a 12-month 'business plan' timescale. A proper strategy gives the business a plotted trajectory which gives marketing a purpose and the opportunity to make a real difference to the business. It is marketing, above all other functions in the business, which can play the main role in turning the strategy into a reality.

A crucial component of a serious strategy is selecting the markets - or sectors - in which a firm should be involved. Maybe it's time to pull back from some markets, and research future? If specific markets look as though they will expand in the medium-term, the firm needs

enough resources to capitalise on this, or risk losing its hold on clients.



Looking at the offerings of law firms, many seem to practice in far too many areas - hedging their bets, but really wasting time and resources in markets where there is either little demand, high-volume and low value, or where the firm, if it's honest, doesn't really possess the expertise and is unlikely to dislodge

competitors who have a serious commitment to that market. Looking at life after recession and the new-look economy that is emerging, it is time to consider new-born sectors from renewable-energy industries and technologies to sectors likely to benefit or suffer under changing government priorities. Grants and public funding are expected to shift around as our leaders decide where to encourage growth while cutting spending.

Also, a strategy should tackle how the firm plans to meet future challenges. For instance, how will a firm respond to potential threats opened up by the Legal Services Act? This will bring in more competition from those in the non-legal sector who want to get involved in the running of a legal business. Will your firm embrace this or adapt to protect itself from would-be new owners? What does the firm want to become?

Investment: attracting the best people

A meaningful strategy can excite the very best marketing professionals and make them want to work for a law firm. High calibre people will not be drawn to a place where their remit is just to tinker around edges. The legal arena has to make itself a sector of choice for talented business professionals, as well as talented partners. In our opinion, there are not enough quality marketing experts in the sector, because many vote with their feet and go to other sectors where their opinion is trusted and they are allowed to give their skills free reign.

So how can a firm, and the legal sector in general, begin to entice the very best marketing professionals? 'Increase their pay' may be one response, but we believe that the market rate for Marketing/Business Development directors is about right. What could change is linking their pay to a firm's profits and with the individual's performance. This ensures that marketing, and not just the equity partners, have a stake in the success of the firm, reinforced with an incentive for individual performance. It works well in the commercial world, so why should the legal sector be any different?

There is also a more sophisticated role that a firm's HR leaders can play. Instead of looking purely at candidates with professional services backgrounds (thus ensuring no new talent enters the sector) use different types of agencies so that good people from outside of legal sector can be considered. A firm could learn much from them, especially in the post-Legal Services Act era. A 'star' performer will also consider working at a law firm if they can see from the structure of the firm that not only will they be a full member of the Board, but that their role will be central in developing the right strategy, planning process and implementation of key drivers. In short, they should see that they will be one of the select, key personnel whose views are trusted and whose advice is constantly sought.

However, a word of caution comes from one partner who stresses: "I have seen several business development directors who become heavily involved at the centre and they seem to just disappear. Not many people at the firm see them and partners wonder what they are doing. It's important to be visible."

Striking the right balance is crucial. At the other extreme, some marketing directors have bitten their lip too often after being presented with yet



another fait-accompli from their Managing Partner, instead of having been properly involved in the debate. How frustrating to be a marketing director who is asked to come in at the end of a merger agreement, only to be told that new-look stationery will be required. A potential candidate will be turned off instantly if they feel that their role will be confined to shouting from the touch-line.

A firm's marketing function will perform better if it is allowed to perform - not used as just an events/brochure and inert business development machine. Dynamic senior marketing managers would not touch that kind of a department. Marketing should be the lead force in key account programmes. Why don't experienced and talented marketing directors and managers spend time with fee-payers? They know a firm's overall services much better than most partners, so why isn't their knowledge, expertise and greater commercial awareness used when it comes to face-to-face presentations to clients? Far too often, marketing is locked away in a room preparing a pitch document and putting words into the mouths of partners instead of adding value - and increasing the chances of success - by meeting the clients. It's a bizarre 'upstairs-downstairs' mentality that holds back a firm and the sector. How many times have pitches failed because of the way a partner dealt with a potential client, or a client ditched a firm because of a 'difficult' Client Partner? A true partnership with marketing can only reap rewards.

An open and creative culture in which marketing directors and staff feel that their advice is valued and acted upon invites innovation within a firm. Marketing then transforms from being a printing house to the creative hub of the business. If this environment is developed and coupled with real career prospects, training and development for the staff, a firm will be a first-choice employer for candidates from all sectors.

To achieve this, business development professionals also have to make an investment. One influential partner believes that too many really don't understand what their lawyers do. If they did, marketing's ideas

and aims would be more realistic and they would gain a deeper trust from the lawyers, and therefore be listened to. His suggestion is for marketing professionals to 'shadow' key partners for several days to get a better understanding of the time taken to perform the technical aspects, the diplomacy, politics and people skills often involved in client relationships and in-house relationships. "Get into the operating theatre," urges the partner. Gaining trust and respect leads to being heard, which is so important in firms where the hierarchy is horizontal - i.e. partners don't have line managers. "Where business development often falls down is because of its failure to develop a client mentality, and understand that what you must do first is build a relationship with the lawyers. Once they start trusting you, you'll be able to get on with your proper job."



In the past, firms have built up a decent marketing function, only to allow it to unravel after the director who created it decides to leave. The new, incoming director may have their own ideas and these may consciously or otherwise, involve dismantling or ceasing effective elements that have been skilfully constructed over several years. We have seen firms develop leading key account programmes, pitch processes, public relations, and internal communications and then allow these pillars to crumble after the director responsible departed. Major marketing developments need to be protected in these circumstances and this must be made clear contractually to the new arrival. Would a firm allow the same to happen to a key client relationship?

Because firms have lacked genuine investment in marketing, the calibre of people in legal services marketing has seriously suffered. Ultimately, the firms suffer.



Essentials: ensuring marketing adds value

Why do many marketing directors fail to add value to their firm? Many start with either no job description or one that is so general it provides no direction. Some believe that, or behave as though, publications and PR are the keys to marketing success, and spend more time and money on brochures than analysing target clients. There is also a lack of political sophistication. For instance, a director can press for too much influence before they have earned sufficient credibility, and then give up trying to have sway after establishing their credibility. Some can fail to 'read' their firm and its culture and so cannot promote themselves, or their department, effectively within the firm.

A more sub-conscious trait is failing to distinguish between what their clients (i.e. the lawyers) want and what they need. This can be called 'The Two Lists' where List 1 is what the lawyers ask marketing to do, and List 2 is what should be done to add real value. The skill for a marketing director is to ensure that there are more completed items on List 2 than there are on List 1. Developing a habit of saying 'no' is a valuable weapon in achieving this.

The above underlines the importance of having a clear strategy in the first place. The mission for marketing - and how it is perceived by partners - is then clear. It is then far less likely to be demand-driven by daily requests (List 1), and more able to add value (List 2). Better internal communication is also key - publicise a plan or campaign in-house, communicate its progress, request feedback and publicise successes. And give marketing the credit where it is due, as well as any partner input.

Adding value requires working in partnership with the lawyers, so everyone is pushing from the same side. This may involve time investment in explaining clearly what is trying to be achieved, how this will benefit them and the firm, and the various roles people will undertake. Record successes and where lessons can be learned.

An absolute basic area which would tick a lot of boxes for the lawyers, according to one partner, is marketing ensuring that the 'systems' are up to date and fast. "Having the ability to produce beautiful CVs and work history in a few seconds goes a long way with lawyers," he says. Another is: "Be realistic, don't come up with ideas and then fail to see them through."

Essentials:

- A marketing director's role and mission should be crystal clear
- Work with partners - involve them and explain benefits
- Monitor 'The Two Lists' - what the lawyers want / what adds value
- Promote like mad - progress, success, marketing's capabilities
- Say no – smiling
- Use measures that work (see next article)

ROI: can marketing be measured?

Naturally, a partnership will want to see a return on its investment (ROI) in marketing. Partners are judged on billings, so how can marketing be assessed? Measuring the success or otherwise of marketing is a problem for all types of business, and is not confined to professional services firms. At the other extreme, some may try to convince you that

marketing simply cannot be measured. This is not true.

Several things have to be decided before hurtling in to gather numbers and crunch them. What do you want to measure and why; are you measuring the right things; do you know what should be done with the information once you've got it?



The following are elements which can be measured, and they should be used to reflect the marketing effort of the whole firm, and not just the marketing department:

- Invitations to tender - are there enough from your target sectors/clients?
- Pitch win/lose ratio - and level of partner/marketing involvement
- Touch points - how many people you know at target organisations
- Response rates to event invitations
- Attendance levels
- Leads generated by an event (incredibly, many fail to measure this!)
- Score the strength of relationships - acquaintances to high quality contacts
- Relative market growth in your target sectors

Also, be sure of what you are measuring against. Benchmarks should include a clear strategy, explicit objectives (e.g. revenue, return, time-frame), key sectors/clients.

There is an important concept to guide this called the Value Exchange. This is the relationship between the investment an organisation makes in particular customer relationships and the return that customers generate by the specific way they choose to respond to the organisation's offering.

To maximise the value exchange, don't focus time and money measuring abstracts like market share, quality indices or customer satisfaction. Instead, define your target customer base, quantify current and the full potential value of relationships, and commit the entire firm to closing the gap between them. Achieving this means first setting out how you currently serve a client and what you provide that the client values, and then identifying what the ideal client relationship would look like and what other things the client values.

As part of this process, consider the following questions for your firm - what percentage of your target clients do you currently have, and how many could you have? How do your clients behave - do some use only small, low-value sections of your services? How many ideal clients do you have, i.e. those who use several practice areas and pay full charge-out. Finally, how long do your clients stay with you? How do you make the good ones stay for life?

A valuable tool in the search for ROI is a decent client contact/relationship IT system - or rather the proper use of one. They are not cheap so why are so many firms content to use them mainly as a mail-shot and invitation system? Smarter usage means a major improvement in shared information about clients, identifies likely future needs of a client and how to develop a strategy for this. The systems can also provide many of the measurables listed above, so many already have the ability to gauge their ROI.

